



MarketWatch | Refined Products

Thursday, October 17, 2019

Market Commentary

Recap: Oil prices climbed higher on Wednesday, ending two straight sessions of declines on reports that OPEC could vote to further cut output at its December meeting, but economic concerns and forecasts for increases in U.S. crude oil inventories continued to keep a lid on prices. November WTI rose 93 cents, or 1.7% to \$53.74 a barrel by 12:38 p.m. EST, while December Brent gained 99 cents, or 1.6%, to \$59.73 a barrel. With economic uncertainty continuing to provide overall weakness, prices pared gains. November WTI settled at \$53.36 a barrel, up 55 cents, or 1.04%, while Brent for December delivery tacked on 68 cents, or 1.16%, to settle at \$59.42 a barrel. November RBOB rose 0.6% to \$1.6248, while November heating oil rose 1.7% to \$1.9426 a gallon.

Technical Analysis: WTI continued to find support above the descending trend line and worked its way back above the 10-day moving average. With prices appearing to hammer out a base, while holding above the aforementioned line, we would look for a push above \$54.00 and for a run at the 50-day moving average, which is currently set at \$55.35. Support is set at \$53.17 and below that at \$51.70.

Fundamental News: US President, Donald Trump, said he likely would not sign any trade deal with China until he meets with Chinese President, Xi Jinping, at an upcoming APEC Forum in Chile. He said the partial trade deal announced last week was in the process of being formalized on paper.

Two US officials said the US carried out a secret cyber operation against Iran in the wake of the September 14th attacks on Saudi Arabia's oil facilities. The officials said the operation took place in late September and took aim at Iran's ability to spread "propaganda." One of the officials said the strike affected physical hardware, but did not provide further details.

IIR Energy reported that US oil refiners are expected to shut in 1.38 million bpd of capacity in the week ending October 18th, increasing available refining capacity by 300,000 bpd from the previous week. Offline capacity is expected to increase to 1.43 million bpd in the week ending October 25th.

The US Chemical Safety and Hazard Investigation Board said a thinning piece of metal pipe that had not been tested for corrosion led to a June fire and explosions at the Philadelphia Energy Solutions oil refinery.

Two senior officials said the White House is warning Chinese shipping companies against turning off their ships' transponders to hide Iranian oil shipments in violation of US sanctions. China is the largest remaining buyer of Iranian oil after US President Donald Trump reimposed sanctions on Iran's main export.

US crude exports from the Corpus Christi area are expected to slow in the second half of November from record levels due to high freight rates and reduced crude flows into the region via the 400,000 bpd EPIC Midstream crude pipeline. Crude loadings at Corpus Christi averaged about 480,000 bpd this year through September 20th, reaching a record 1.6 million bpd in the week ending September 27th. Flows through the EPIC Midstream pipeline are averaging 200,000 bpd as the window to ship crude profitably from Midland, Texas to Corpus Christi was limited.

Phillips 66 Partners LP set spot rates of \$4.75/barrel to ship crude on its new 900,000 bpd Gray Oak crude pipeline within points in Texas. The company also set rates at \$4.75/barrel to transport crude within Texas for committed shippers. Flows on the pipeline are expected to average about 200,000 bpd initially.

Early Market Call - as of 8:38 AM EDT

WTI - Nov **\$53.11**
 RBOB - Nov **\$1.6047**
 HO - Nov **\$1.9307**

All NYMEX | Prior Settlements

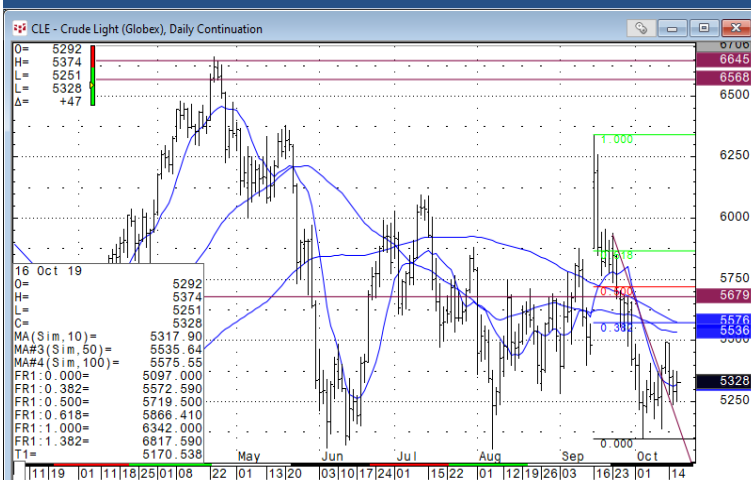
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Nov-19	\$1.9426	\$1.9295	\$1.9171
Dec-19	\$1.9295	\$1.9171	\$1.9013
Jan-20	\$1.9171	\$1.9013	\$1.8826
Feb-20	\$1.9013	\$1.8826	\$1.8600
Mar-20	\$1.8826	\$1.8600	\$1.8452
Apr-20	\$1.8600	\$1.8452	\$1.8361
May-20	\$1.8452	\$1.8361	\$1.8336
Jun-20	\$1.8361	\$1.8336	\$1.8329
Jul-20	\$1.8336	\$1.8329	\$1.8338
Aug-20	\$1.8329	\$1.8338	\$1.8355
Sep-20	\$1.8338	\$1.8355	\$1.8372
Oct-20	\$1.8355	\$1.8372	\$1.8377
Nov-20	\$1.8372	\$1.8377	\$1.8374
Dec-20	\$1.8377	\$1.8374	\$1.8324
Jan-21	\$1.8374	\$1.8324	\$1.8229
Feb-21	\$1.8324	\$1.8229	\$1.8079
Mar-21	\$1.8229	\$1.8079	\$1.7991

Other Front Month NYMEX		Close	Change
Crude - WTI	Dec Brent-	\$53.4500	\$0.5700
Crude - Brent	WTI Spread	\$59.4200	\$0.6800
Natural Gas	\$5.97	\$2.3030	\$0.0340
Gasoline		\$1.6248	\$1.7552

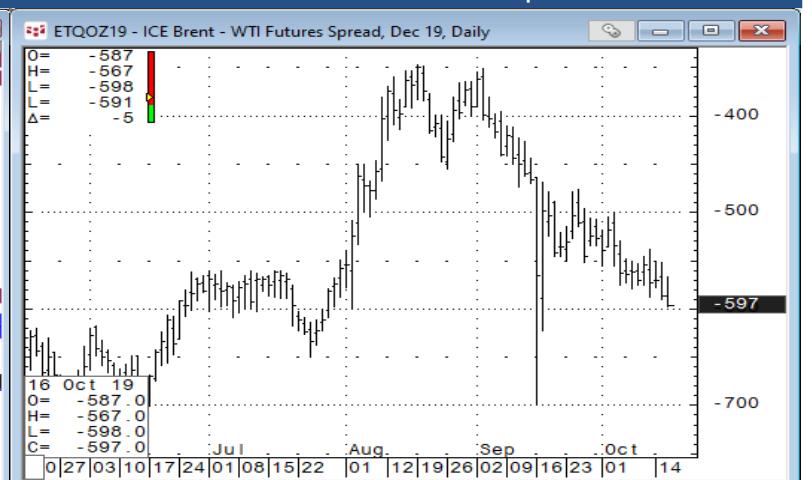
API Report for the Week Ending October 11, 2019

	Actual	Mkt Expectations
Crude Oil Stocks(exl SPR)	Up 10.5 million barrel	Up 2.8 million barrels
Cushing, OK Crude Stocks	UP 1.6 million barrels	Up 720,000 barrels
Gasoline Stocks	Down 934,000	Down 1.4 million barrels
Distillate Stocks	Down 2.9 million barrels	Down 2.2 million barrels
Refinery Runs	Down 438,000 bpd	Up 0.3%

NYMEX WTI Continuation Chart



ICE December Brent-WTI Spread



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